



State of Utah
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

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February 26, 1997

TO: Minerals File

FROM: Tony Gallegos, Reclamation Engineer *aa*

RE: Meeting Documentation, Reilly Wendover, Bonneville Plant Mine, M/045/002,
Tooele County, Utah

Date & Time: February 21, 1997, 1000 - 1145

Location: BLM Salt Lake District Office, 2370 S, 2300 W, Salt Lake City, Utah

Participants: Phil Allard, Maggie Wyatt, Connie Seare, Stan Perkes, Bob Henricks, Nancy Golden, BLM; Loni Johnson, Hill AFB; Tony Gallegos, Tom Munson, DOGM

Purpose of Meeting: To discuss reclamation bonding requirements for the Reilly Wendover operations on federal lands.

Stan explained the current status of BLM bonding for the Reilly Wendover operation. The BLM currently holds a \$50,000 bond for royalties on the federal leases held by Reilly. Annual royalty payments are around \$48,000. The BLM does not currently hold a reclamation bond for the leases held by Reilly, although the lease agreement states that a reclamation bond is required.

Reilly prepared a reclamation cost estimate for disturbances on federal lands. Stan prepared a reclamation cost estimate independently of Reilly's estimate. Stan prepared a table comparing the two estimates and discussed the line items which differed significantly. Significant differences were: (1) the BLM estimate had a small volume of material to move for ditch, baffle & dike reclamation than Reilly's estimate; (2) equipment productivity was higher in the BLM estimate; (3) equipment cost, operator cost, and project management were higher in the BLM estimate.

A related issue is the resolution of a trespass by Reilly. On the west border of Reilly's operation, there are collection ditches which go outside of the federal lease border onto lands controlled by Hill AFB. Reilly has a right-of-way agreement with Hill for this trespass, but does not have an agreement for mineral extraction from this trespass area. The BLM, Hill AFB

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and Reilly will be adjusting the federal lease boundaries to resolve this trespass by issuing a fringe lease. BLM regulations describe the minimum lease area as being a quarter-quarter section. This regulation may require the inclusion of additional lands within the lease beyond the actual ditch area.

In conclusion, the BLM will inform Reilly of their proposed solution for three issues: (1) trespass, (2) fringe lease, and (3) reclamation bond. The BLM will copy the Division on correspondence in this regard and inform the Division of any meetings with Reilly. The BLM proposes to jointly list the Division on a bond posted by Reilly. The Division would formally recognize the bond amount posted by Reilly with the BLM in consideration of the reclamation surety required by the Division. This recognition would eliminate any double bonding. The BLM could not recognize bonds posted with the Division for reclamation of federal lands under this type of a lease.

jb
cc: Stan Perkes, BLM State Office
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② BLM SLE DISTRICT
⇒ REILLY WENDOVER

2/21/97 M/045/002

<u>Name</u>	<u>Organization</u>	<u>Phone</u>
Phil Allard	BLM	977 4335
Maggie Wyatt	BLM	977-4370
Loni Johnson	Hill AFB	777-3550
CONNIE SEARE	BLM	539-4111
Stan Perkes	BLM	539-4036
Bob Henricks	BLM	539-4041
Tom Munson	DOGMA	538-5321
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Nancy Golden	BLM	977-4312